



# Department of Justice

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## **PREPARED REMARKS OF ATTORNEY GENERAL JANET RENO** **ON DOJ CASE AGAINST VISA AND MASTERCARD**

“This morning the Justice Department filed a civil lawsuit in federal district court in Manhattan charging Visa and MasterCard, the world’s two largest credit card networks, with violating Section 1 of the Sherman Antitrust Act. Visa and MasterCard jointly account for more than 75% of credit and charge card purchases in America. What many consumers do not know is that both credit cards are controlled by the same large banks.

“This suit grows out of an extensive investigation. The Justice Department’s Antitrust Division found persuasive and systematic evidence of the harm done to competition in the credit card market. Credit cards are not just luxuries. They are an important financial tool for many Americans. For these people, competition in the credit card industry is vital.

“Our complaint today focuses on two activities. First, the same set of banks governs both credit card networks. That is simply not competitive. In numerous instances, key officials of both networks have admitted that the banks that govern them have limited competition between Visa and MasterCard. They also admit that this arrangement has curbed investment in innovation and advertising -- investments that they would have made in a truly competitive environment.

“Second, Visa, MasterCard and their member banks have agreed not to issue cards on smaller competing credit card networks, such as Discover and American Express. These

exclusionary rules deny consumers the ability to choose among a maximum variety of card products.

“America’s consumers have lost out. They have lost the benefit of vigorous competition between the two largest credit card networks, which means that they have not enjoyed the innovation that competition brings. For example, smart cards -- cards that use a computer chip that will expand the ways consumers can make purchases -- have been delayed for about a decade.

“Second, consumers have lost the benefits of competition among the entire credit card industry, including not only Visa and MasterCard but also their smaller rivals. Some consumers, for example, prefer to get their credit card of choice from their bank -- but are unable to. Some of these banks want to offer cards from smaller networks -- but they are unable to.

“Every American consumer has a vital stake in a competitive credit card industry. There is simply no substitute for real competition.”

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